



**FAR EAST**  
HOSPITALITY  
TRUST

2Q 2019

Results Presentation

30 July 2019

# Important Notice

Information contained in this presentation is intended solely for your personal reference and is strictly confidential. The information and opinions in this presentation are subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning Far East Hospitality Trust (the "Trust"), a stapled group comprising Far East Hospitality Real Estate Investment Trust and Far East Hospitality Business Trust. Neither FEO Hospitality Asset Management Pte. Ltd. (the "Manager"), FEO Hospitality Trust Management Pte. Ltd. (the "Trustee-Manager", and together with the Manager, the "Managers"), the Trust nor any of their respective affiliates, advisors and representatives make any representation regarding, and assumes no responsibility or liability whatsoever (in negligence or otherwise) for, the accuracy or completeness of, or any errors or omissions in, any information contained herein nor for any loss howsoever arising from any use of these materials. By attending or viewing all or part of this presentation, you are agreeing to maintain confidentiality regarding the information disclosed in this presentation and to be bound by the restrictions set out below. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

The information contained in these materials has not been independently verified. No representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of, the information or opinions contained herein. None of the Trust, the Managers, DBS Trustee Limited (as trustee of Far East Hospitality Real Estate Investment Trust), Far East Organization, controlling persons or affiliates, nor any of their respective directors, officers, partners, employees, agents, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation. It is not the intention to provide, and you may not rely on these materials as providing a complete or comprehensive analysis of the Trust's financial or trading position or prospects. The information and opinions contained in these materials are provided as at the date of this presentation and are subject to change without notice. Nothing contained herein or therein is, or shall be relied upon as, a promise or representation, whether as to the past or the future and no reliance, in whole or in part, should be placed on the fairness, accuracy, completeness or correctness of the information contained herein. Further, nothing in this document should be construed as constituting legal, business, tax or financial advice. None of the Joint Bookrunners or their subsidiaries or affiliates has independently verified, approved or endorsed the material herein.

Nothing in this presentation constitutes an offer of securities for sale in Singapore, United States or any other jurisdiction where it is unlawful to do so.

The information in this presentation may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever. Any forwarding, distribution or reproduction of this information in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

This presentation contains forward-looking statements that may be identified by their use of words like "plans," "expects," "will," "anticipates," "believes," "intends," "depends," "projects," "estimates" or other words of similar meaning and that involve assumptions, risks and uncertainties. All statements that address expectations or projections about the future and all statements other than statements of historical facts included in this presentation, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Such forward-looking statements are based on certain assumptions and expectations of future events regarding the Trust's present and future business strategies and the environment in which the Trust will operate, and must be read together with those assumptions. The Managers do not guarantee that these assumptions and expectations are accurate or will be realized. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Although the Managers believe that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. Representative examples of these risks, uncertainties and assumptions include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of the Trust. Past performance is not necessarily indicative of future performance. The forecast financial performance of the Trust is not guaranteed. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view of future events. The Managers do not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise.

This presentation is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any securities, nor should it or any part of it form the basis of, or be relied in any connection with, any contract or commitment whatsoever. Any decision to invest in any securities issued by the Trust or its affiliates should be made solely on the basis of information contained in the prospectus to be registered with the Monetary Authority of Singapore (the "MAS") after seeking appropriate professional advice, and you should not rely on any information other than that contained in the prospectus to be registered with the MAS.

These materials may not be taken or transmitted into the United States, Canada or Japan and are not for distribution, directly or indirectly, in or into the United States, Canada or Japan.

These materials are not an offer of securities for sale into the United States, Canada or Japan. The securities have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The securities are being offered and sold outside of the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended. There will be no public offer of securities in the United States and the Managers do not intend to register any part of the proposed offering in the United States.

This presentation has not been and will not be registered as a prospectus with the MAS under the Securities and Futures Act, Chapter 289 of Singapore and accordingly, this document may not be distributed, either directly or indirectly, to the public or any member of the public in Singapore.



## Results Highlights



# Executive Summary – Performance vs LY

	2Q 2019	2Q 2018	Variance	1H 2019	1H 2018	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Revenue	27,935	28,526	(2.1)	55,725	54,250	2.7
Net Property Income	25,115	25,738	(2.4)	50,186	48,745	3.0
Income Available for Distribution	17,554	18,960	(7.4)	34,966	36,605	(4.5)
Distribution per Stapled Security (cents)	0.91	1.01	(9.9)	1.82	1.95	(6.7)

- **Gross Revenue decreased by 2.1% year-on-year in 2Q 2019. Master Lease Rental decreased by 2.3% and Retail and Office Revenue decreased by 1.2%.**
- **Net Property Income was 2.4% lower year-on-year.**
- **Income Available for Distribution came in at S\$17.6 million and Distribution per Stapled Security was 0.91 Singapore cents.**

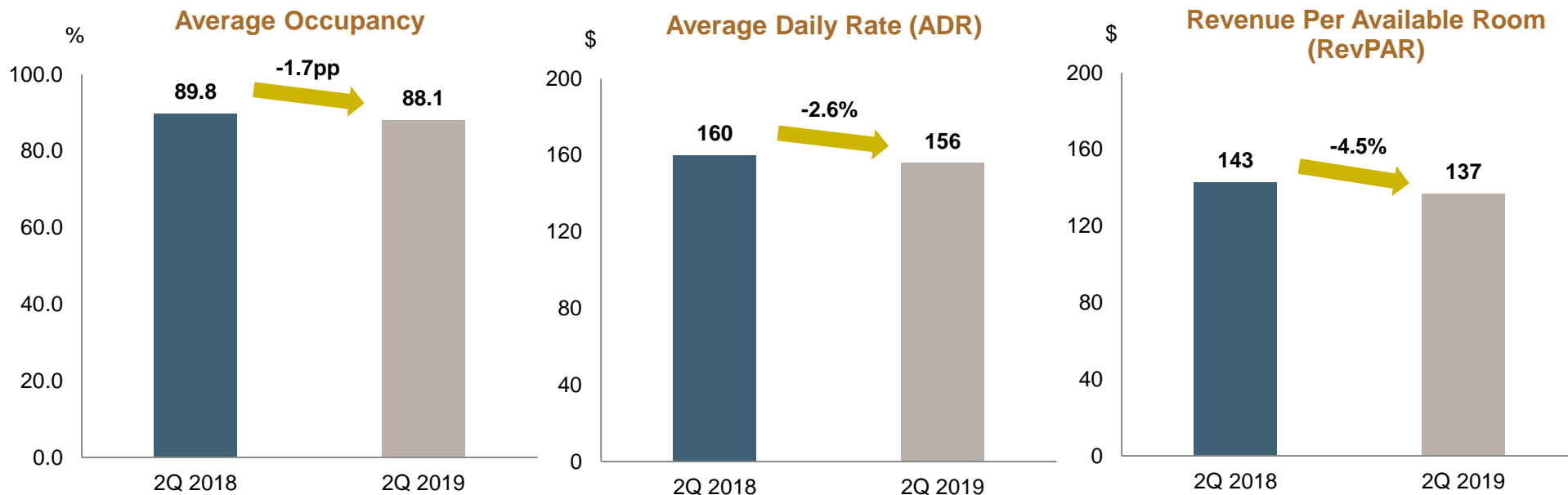


## Portfolio Performance



**FAR EAST**  
HOSPITALITY  
TRUST

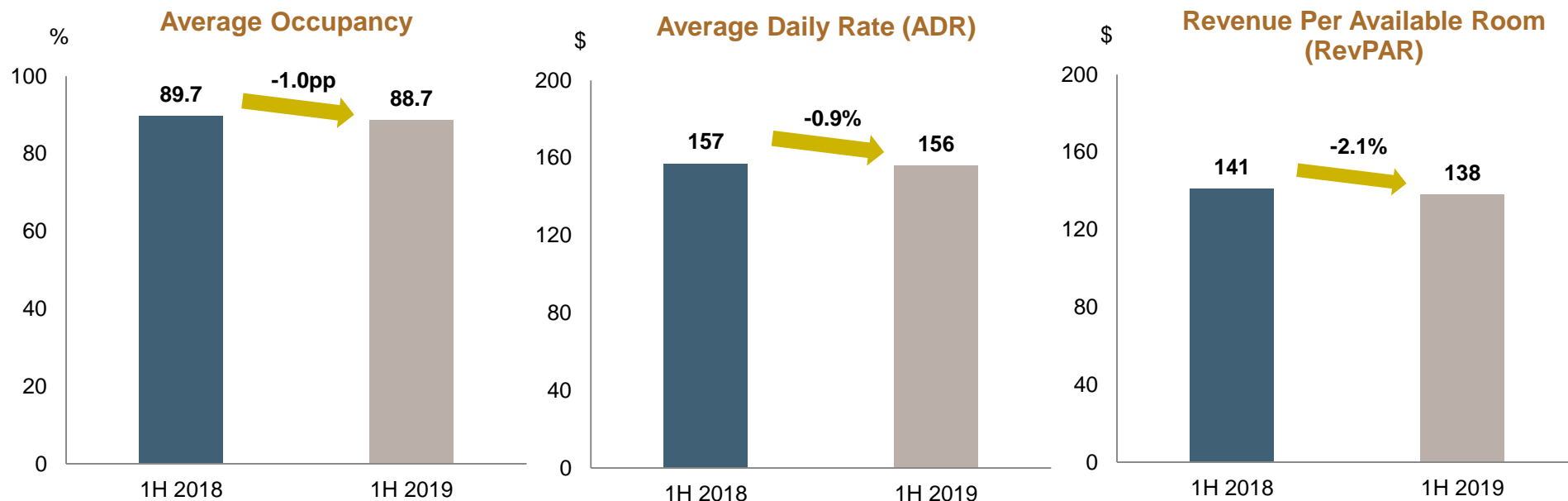
# Portfolio Performance 2Q 2019 - Hotels



- The average occupancy of the hotels remained healthy at 88.1% in 2Q 2019.
- The average daily rate (“ADR”) was 2.6% lower year-on-year at S\$156. As a result, revenue per available room (“RevPAR”) declined by 4.5% to S\$137.
- Revenue contribution from the hotels was lower due to the absence of major events in the quarter as compared to the previous year, and softness in corporate demand amidst the economic slowdown.



# Portfolio Performance 1H 2019 - Hotels

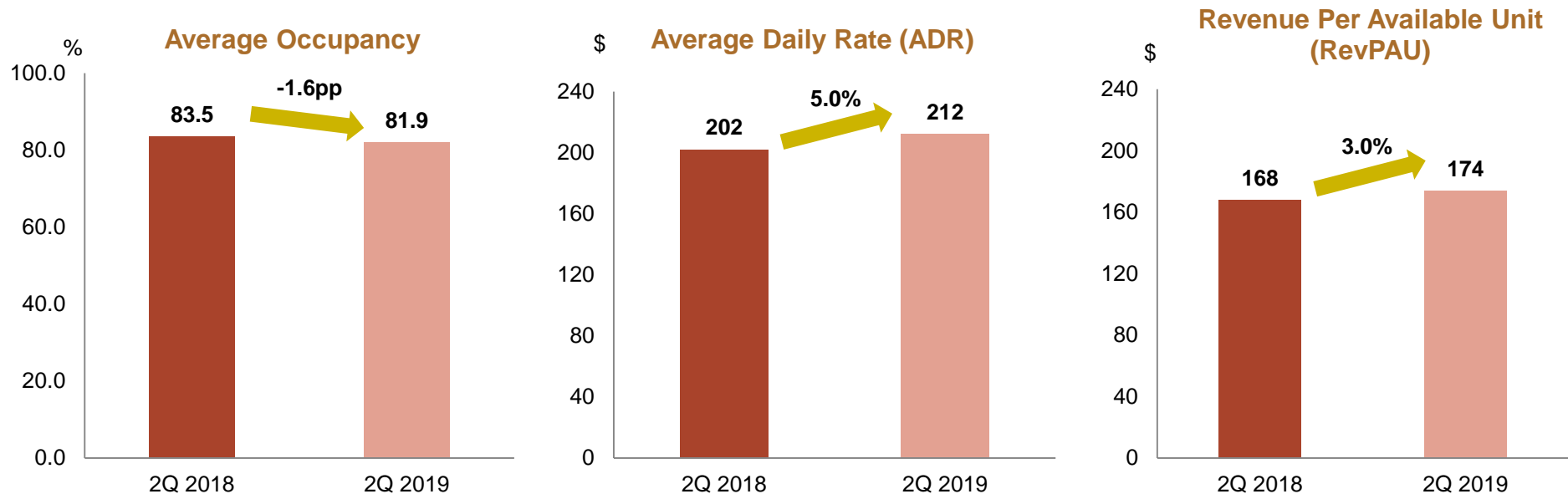


- Unlike last year, where some hotels in Singapore benefitted from major events such as the Singapore Airshow, Food & Hotel Asia, and the North Korea–United States Singapore Summit, there were no major city-wide events in 1H 2019. In addition, economic uncertainties had led to lower volume of business travel.
- Occupancy for the hotel portfolio remained healthy in 1H 2019 at 88.7%, 1.0pp lower year-on-year. ADR was also marginally lower by 0.9% at S\$156. As a result, RevPAR was down by 2.1% at S\$138.



Note: 1H 2018 figures include Oasia Hotel Downtown as part of the portfolio w.e.f. Apr 2018

# Portfolio Performance 2Q 2019 – Serviced Residences

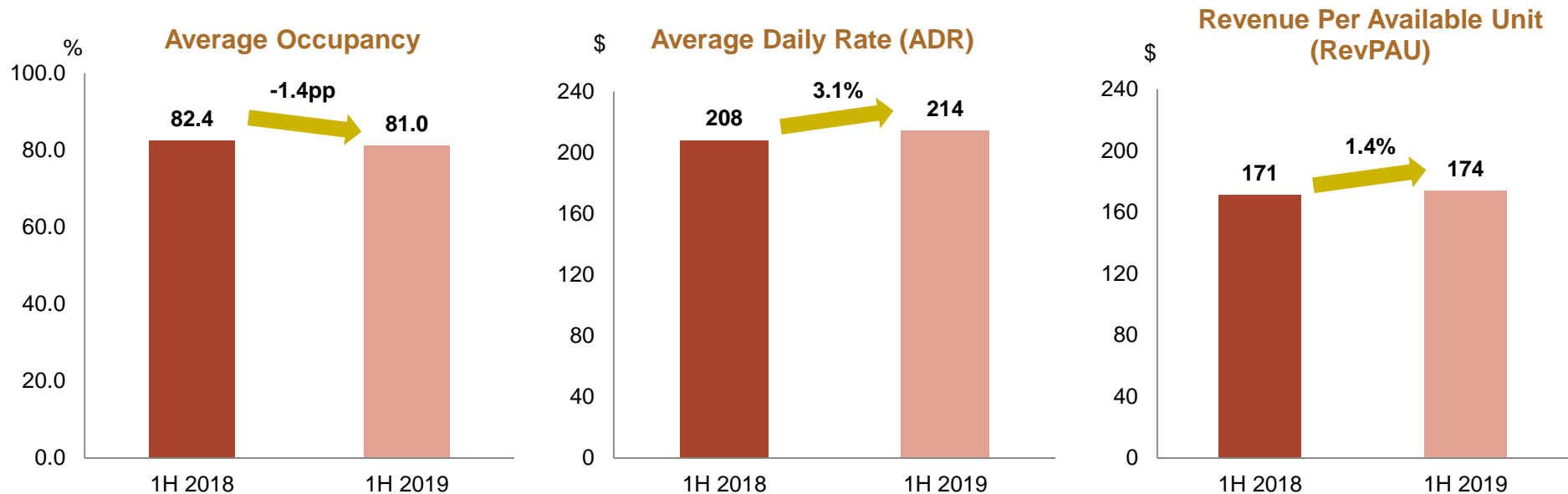


- The serviced residences (“SRs”) continued to show overall improvement and a more stabilised performance this quarter. There was a growth in shorter-stay bookings at higher room rates.
- The average occupancy of the SRs decreased 1.6pp to 81.9%. However, ADR was higher by 5.0%. Correspondingly, revenue per available unit (“RevPAU”) of the SR portfolio grew 3.0% year-on-year to S\$174.





# Portfolio Performance 1H 2019 – Serviced Residences

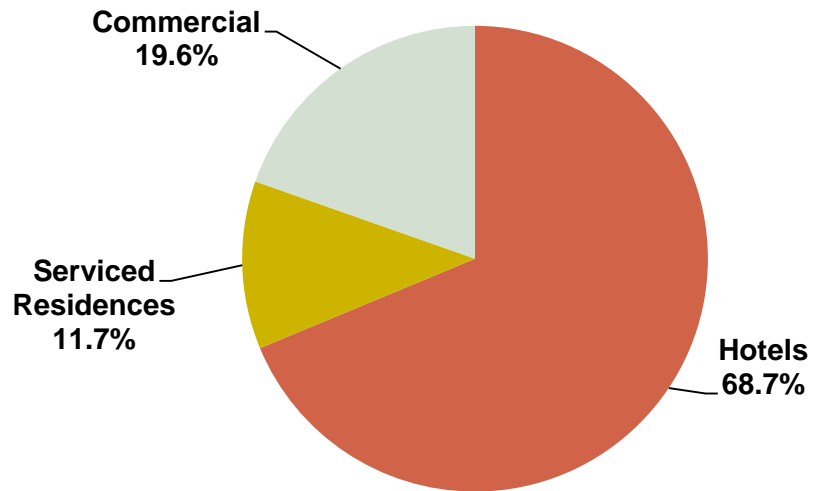


- There was an overall year-on-year improvement in performance for the SRs in 1H 2019, and firmer footing was sustained since the last quarter of 2018.
- While average occupancy was 1.4pp lower at 81.0%, the growth in shorter-stay bookings had helped to shore up the ADR, which was 3.1% higher at S\$214. Correspondingly, revenue per available unit (“RevPAU”) of the SR portfolio grew 1.4% to S\$174 in 1H 2019.

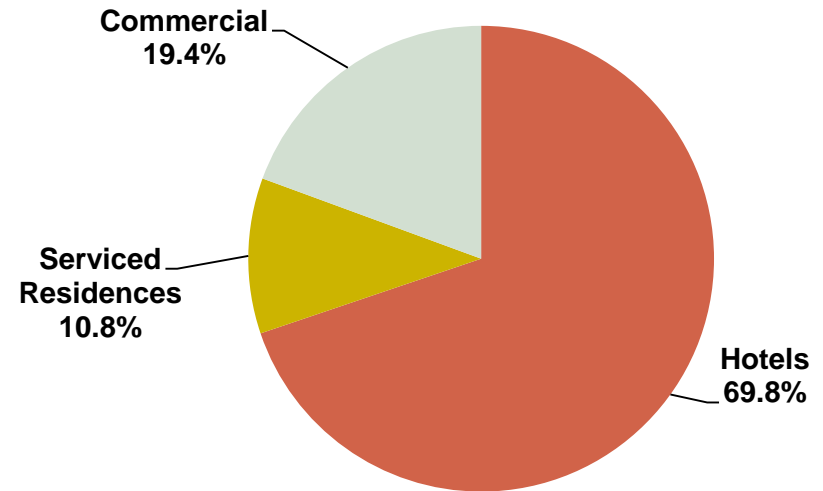


# Breakdown of Gross Revenue – Total Portfolio

2Q 2019

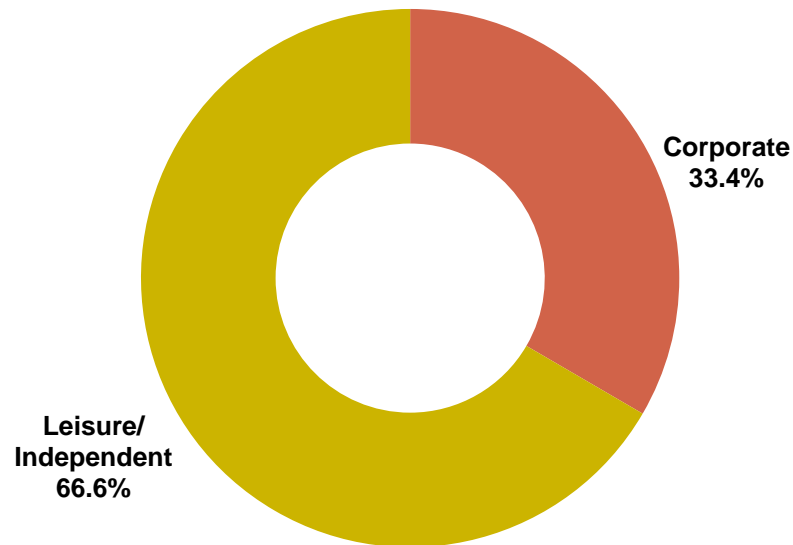


2Q 2018

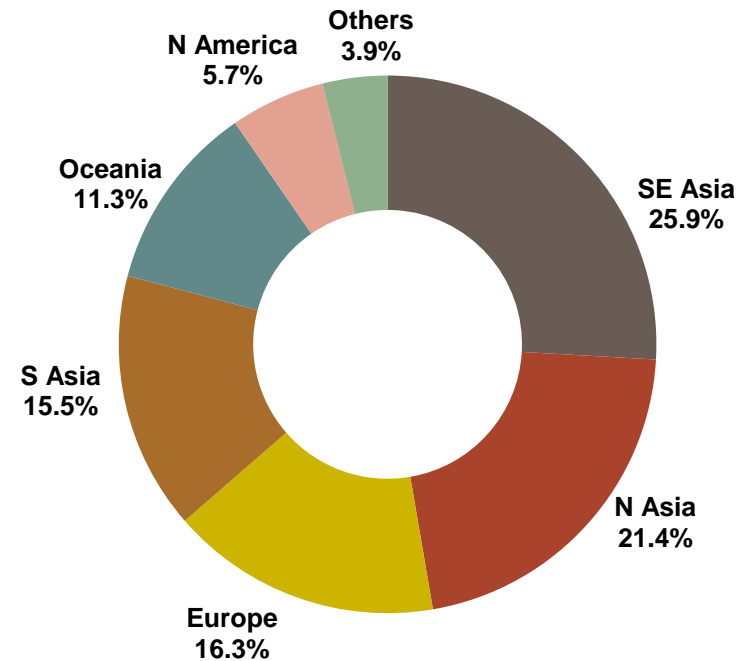


# Market Segmentation 2Q 2019 – Hotels

Hotels (by Revenue)



Hotels (by Region)

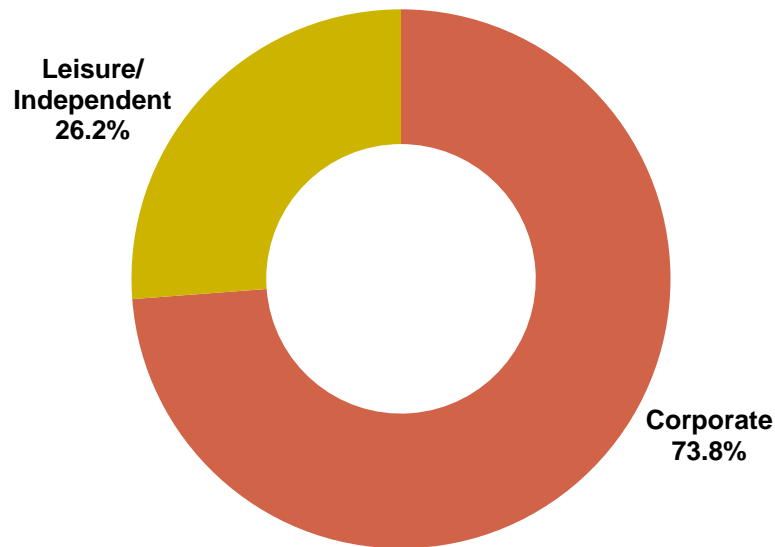


- The corporate segment contributed 33.4% to the overall hotel revenue and the leisure segment percentage contribution was 66.6%.
- The proportions of revenue contribution from North Asia, Oceania and North America have increased. South East Asia and North Asia remained the top two contributors.

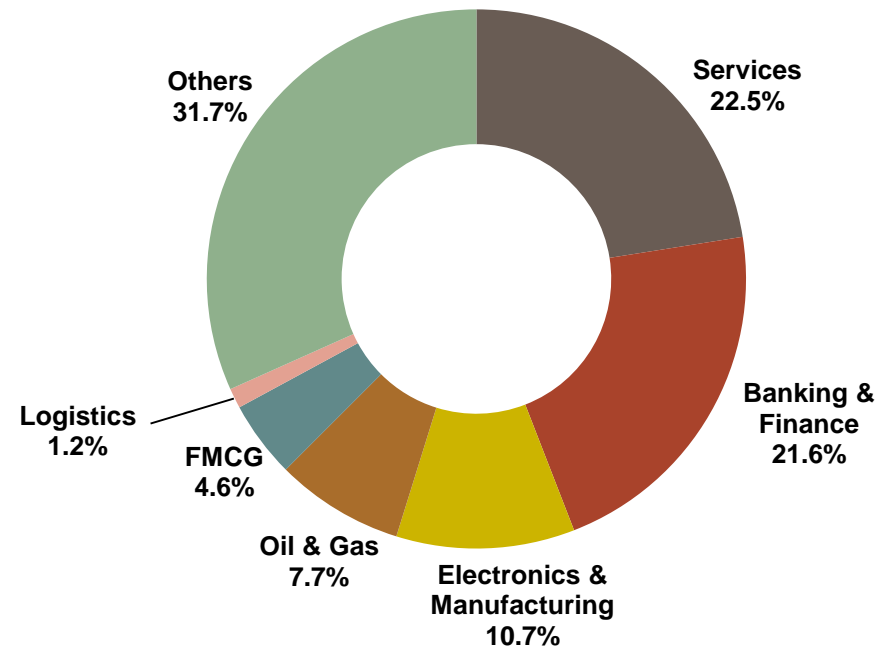


# Market Segmentation 2Q 2019 – Serviced Residences

## Serviced Residences (by Revenue)



## Serviced Residences (by Industry)



- Revenue contribution by the Corporate segment was 73.8% in 2Q 2019. The growth in contribution by the Leisure segment from 19.7% to 26.2% was partly attributed to a growth in shorter-stay bookings, at higher room rates.
- The Services and FMCG industries delivered growth in revenue contribution for the quarter.



## Capital Management

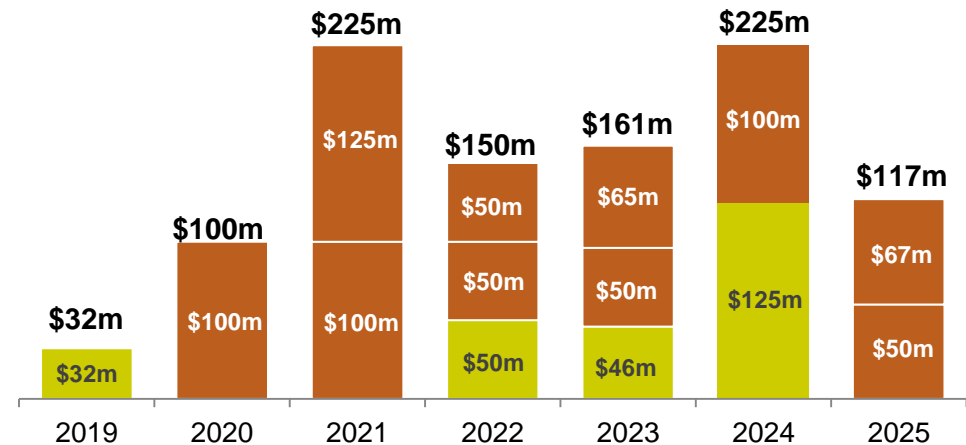


# Capital Management

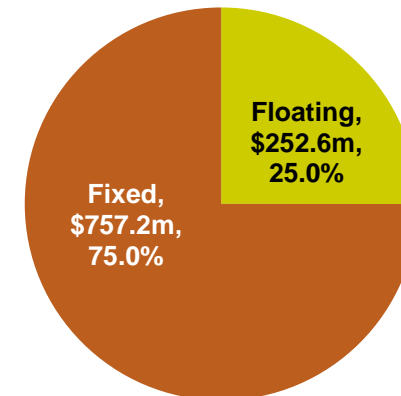
As at 30 June 2019

<b>Total debt</b>	\$1,009.8m
<b>Available revolving facility</b>	\$268.1m
<b>Gearing ratio</b>	39.8%
<b>Unencumbered asset as % total asset</b>	100%
<b>Proportion of fixed rate</b>	75.0%
<b>Weighted average debt maturity</b>	3.4 years
<b>Average cost of debt</b>	2.9%

Debt Maturity Profile



Interest Rate Profile



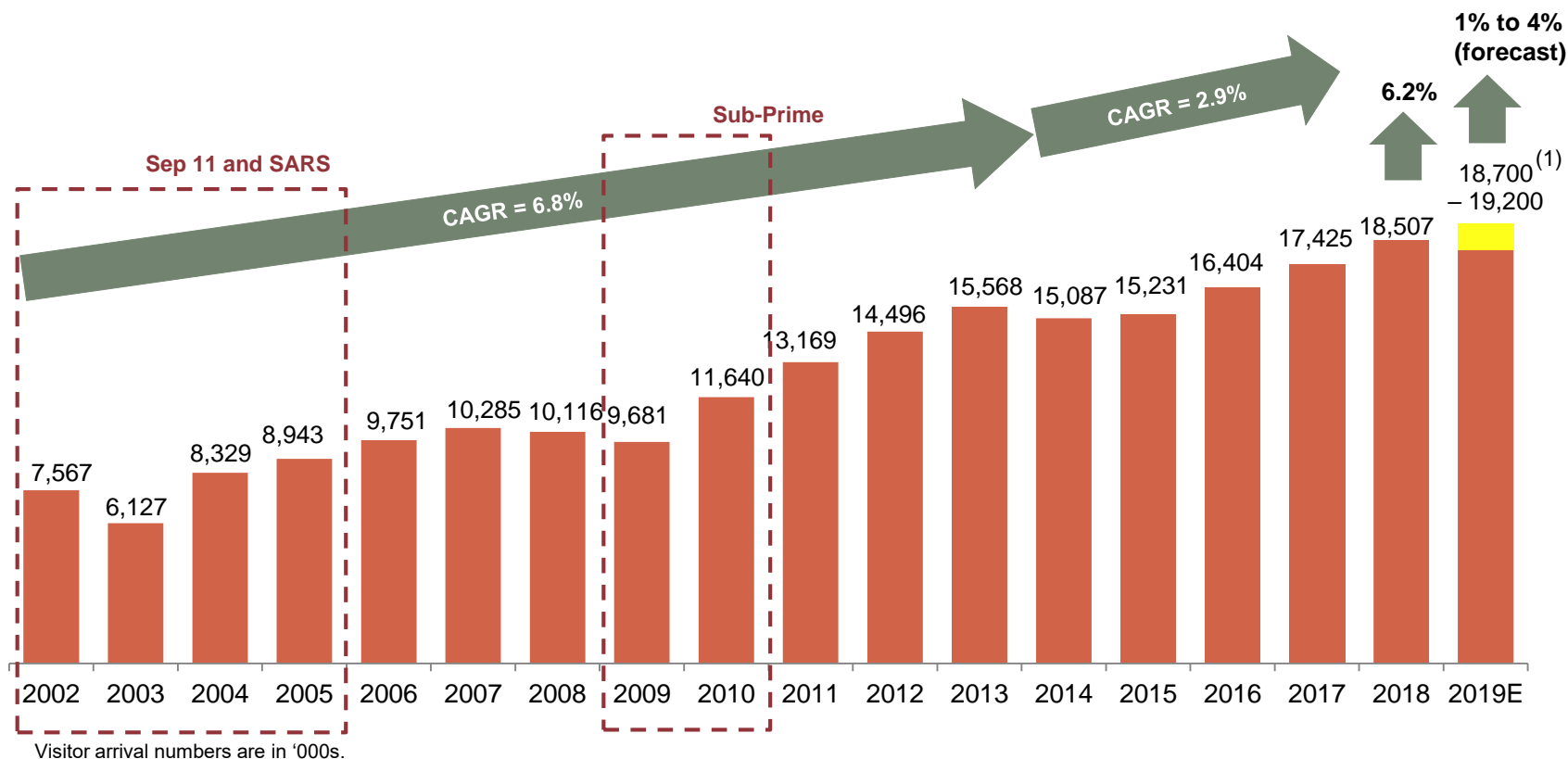
- The Distribution Reinvestment Plan (“DRP”) was applied for the 4Q 2018 and 1Q 2019 distributions. The cash retained was S\$22.5 million, bringing gearing from 40.1% in December 2018 to 39.8%.
- In March 2019, a term loan of S\$100 million due to mature in August 2019 was refinanced. There are no other term loans maturing this year.



## Industry Outlook & Prospects



# Historical and Forecast Visitor Arrivals in Singapore

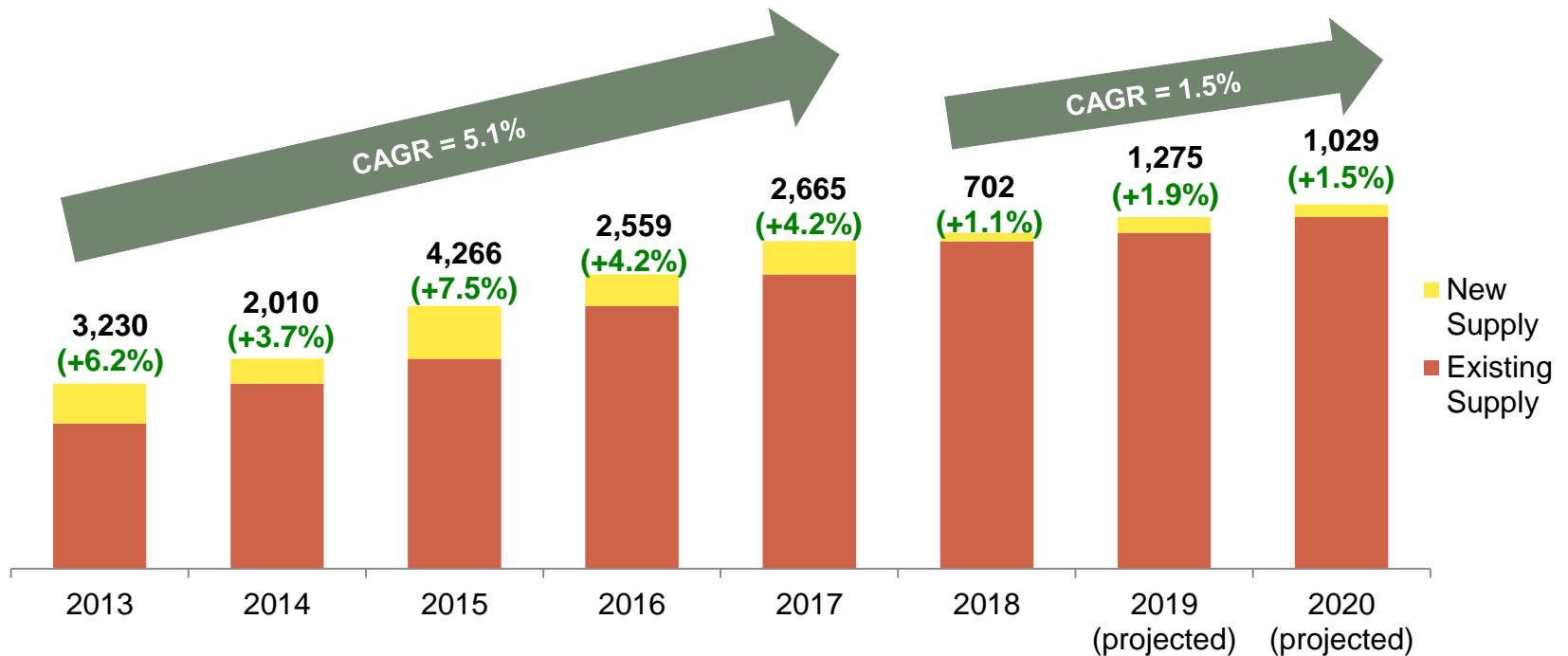


- Visitor arrivals grew at a CAGR of 2.9% between 2014 to 2017. The year-on-year increase in arrivals was 6.2% in 2018.
- The forecasted growth in arrivals is 1% to 4% for 2019. For the first 5 months of 2019, arrivals had increased 1.5% year-on-year to 7.8 million.

Sources : (1) Singapore Tourism Board projections for International Visitor Arrivals as at 13 Feb 2019



# Estimated Hotel Room Supply in Singapore



- New hotel room supply registered a more moderate increase of 1.1% in 2018, as compared to a compound annual growth of 5.1% between 2013 to 2017. Supply is expected to increase by 1.9% in 2019 and 1.5% in 2020.
- Since July 2014, the government had placed a moratorium on the release of new sites for hotel development, until January 2019, when the tender for the site at Club Street was awarded.

Note: The above chart does not account for closures of rooms for renovations and re-openings (e.g. re-opening of Swissotel The Stamford or Raffles Hotel rooms which had undergone refurbishment).

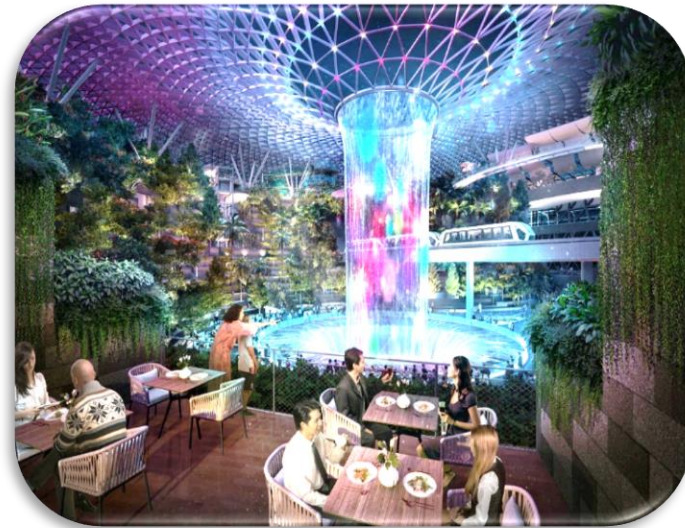
Sources: CBRE, Savills data and Far East H-Trust compilation



# Transformation of Tourism Landscape – Recent Developments

## Singapore's Bicentennial Commemoration

2019 marks 200 years of history for Singapore, and events have been lined up to commemorate the nation's bicentennial milestone, e.g. augmented reality trails of Singapore River, experiential showcases, heritage festivals, etc.



## Jewel Changi: Strengthening of Singapore as global air hub

Augmenting Singapore's status as a leading air hub and preferred stopover destination, with provision of world-class retail experience

## Growth of cruise tourism in Singapore

In 2018, total cruise passenger throughput was 1.9 million, up by 35% from 2017. This was attributed to deployment of larger-capacity cruise ships and lengthening cruise seasons by cruise lines



## Initiatives to increase inflow of visitors

Continued efforts by STB to attract more visitors from Southeast Asia, China & Korea through strategic partnerships with Alibaba Group, Traveloka & Busan Metropolitan City





# Transformation of Tourism Landscape – Upcoming Developments

## Plans for Sentosa & Pulau Brani

Pulau Brani and Sentosa will be redeveloped and integrated with the Greater Southern Waterfront project. This whole area would include new tourism attractions and be branded as the Southern Gateway of Asia



## Revamp of Orchard Road

The Singapore government announced plans to revamp the Orchard Road shopping belt to include more activities and attractions, e.g. urban garden, living lab for a new innovation district

## Jurong Lake District tourism hub

New integrated tourism development to be set up at the Jurong Lake District by 2026\*, in line with the government's plan to spread out its offerings across different parts of Singapore. This area will include attractions, hotels and other lifestyle offerings



## Mandai Makeover (2023\*)

Eco-tourism hub with eco-accommodation at Mandai nature precinct, integrating new attractions (Bird Park, Rainforest Park) with the Singapore Zoo, Night Safari & River Safari



\*Opening Dates may be subject to change  
Images from TODAY Online, CNA, The Straits Times, TNP.sg

# Outlook & Prospects

- **Demand and supply for hotels to continue to balance out in 2019**

- Arrivals to Singapore forecasted to grow by 1% - 4% in 2019<sup>1</sup>, against increase of 1.9% (1,275 new rooms<sup>2</sup>) in hotel room supply this year
- Slower pace of increase in hotel room supply over the next few years will help support the recovery in the Singapore hotel sector

- **Serviced Residence market shows signs of turning around**

- **Upside brought about by drivers of demand to Singapore**

- Enhanced connectivity due to addition of new airlines and increased flight connections to and from new cities
- Ongoing developments in cruise tourism and MICE, and rejuvenation of key tourist attractions, will benefit the hospitality sector in the years ahead

- **While there may be near-term volatility, the REIT Manager remains positive about the prospects of the industry**

<sup>1</sup> Singapore Tourism Board, Forecasted Visitor Arrivals, as at 13 February 2019

<sup>2</sup> Savills report issued as at February 2019 and Far East H-Trust's Compilation

# Details of Distribution

For Period From 1 April to 30 June 2019

<b>Distribution per Stapled Security</b>	0.91 cents
<b>Ex-Date</b>	6 August 2019
<b>Books Closure Date</b>	7 August 2019
<b>Return of DRP Notice of Election</b>	28 August 2019
<b>Distribution Payment Date</b>	13 September 2019
<b>Listing of Stapled Securities issued pursuant to DRP</b>	13 September 2019

The Manager has determined that the DRP will apply to the distribution for the period from 1 April to 30 June 2019.



**Thank You**



# Far East H-Trust Asset Portfolio Overview

## Hotels



**Village Hotel  
Albert Court**



**Village Hotel  
Changi**



**The Elizabeth  
Hotel**



**Village Hotel  
Bugis**



**Oasia  
Hotel Novena**



**Orchard  
Rendezvous  
Hotel**



**The  
Quincy Hotel**



**Rendezvous  
Hotel & Gallery**



**Oasia Hotel  
Downtown**

**Total /  
Weighted  
Average**

Market Segment	Mid-tier	Mid-tier	Mid-tier	Mid-tier	Mid-tier / Upscale	Mid-tier / Upscale	Upscale	Upscale	Upscale	NA
Address	180 Albert Street, S'pore 189971	1 Netheravon Road, S'pore 508502	24 Mount Elizabeth, S'pore 228518	390 Victoria Street, S'pore 188061	8 Sinaran Drive, S'pore 307470	1 Tanglin Road, S'pore 247905	22 Mount Elizabeth Road, S'pore 228517	9 Bras Basah Road, S'pore 189559	100 Peck Seah St, S'pore 079333	
Date of Completion	3 Oct 1994	30 Jan 1990 <sup>2</sup>	3 May 1993	19 Oct 1988	2 June 2011	20 June 1987 <sup>2</sup>	27 Nov 2008	5 June 2000 <sup>2</sup>	30 Dec 2015	
# of Rooms	210	380	256	393	428	388	108	298	314	2,775
Lease Tenure <sup>1</sup>	69 years	59 years	69 years	60 years	86 years	44 years	69 years	65 years	64 years	NA
GFA/Strata Area (sq m)	11,426	22,826	11,723	21,676	22,457	34,072	4,810	19,720	11,863	
Retail NLA (sq m)	1,003	805	583	1,166	NA	3,778	NA	2,799	NA	10,134
Office NLA (sq m)	NA	NA	NA	NA	NA	2,509	NA	NA	NA	2,509
Master Lessee / Vendor	First Choice Properties Pte Ltd	Far East Organization Centre Pte. Ltd.	Golden Development Private Limited	Golden Landmark Pte. Ltd.	Transurban Properties Pte. Ltd.	Far East Orchard Limited	Golden Development Private Limited	Serene Land Pte Ltd	Far East SOHO Pte Ltd	
Valuation (S\$ 'mil) <sup>1</sup>	127.2	209.2	163.7	232.4	330.0	431.1	83.3	282.1	236.4	2,095.4

<sup>1</sup> As at 31 December 2018

<sup>2</sup> Date of acquisition by Sponsor, as property was not developed by Sponsor





# Far East H-Trust Asset Portfolio Overview

## Serviced Residences

					
	<b>Village Residence Clarke Quay</b>	<b>Village Residence Hougang</b>	<b>Village Residence Robertson Quay</b>	<b>Regency House</b>	<b>Total / Weighted Average</b>
Market Segment	Mid-tier	Mid-tier	Mid-tier	Upscale	NA
Address	20 Havelock Road, S'pore 059765	1 Hougang Street 91, S'pore 538692	30 Robertson Quay, S'pore 238251	121 Penang House, S'pore 238464	
Date of Completion	19 Feb 1998	30 Dec 1999	12 July 1996	24 Oct 2000	
# of Rooms	128	78	72	90	368
Lease Tenure <sup>1</sup>	74 years	75 years	72 years	75 years	NA
GFA/Strata Area (sq m)	17,858	14,257	10,570	10,723	53,408
Retail NLA (sq m)	2,213	NA	1,179	539	3,931
Office NLA (sq m)	Office: 1,474 Serviced Office: 823	NA	NA	2,295	4,592
Master Lessee / Vendor	OPH Riverside Pte Ltd	Serene Land Pte Ltd	Riverland Pte Ltd	Oxley Hill Properties Pte Ltd	
Valuation (S\$ 'mil) <sup>1</sup>	204.1	60.2	105.2	168.6	538.1

<sup>1</sup> As at 31 December 2018

